CHAPTER I

INTRODUCTION

1.1   Background of The Study

The culinary industry is experiencing rapid and diverse growth, driven by the evolving and complex demands of modern lifestyles. Entrepreneurs in the food sector are introducing a wide range of concepts, styles, and flavors to satisfy the visual and taste preferences of food enthusiasts. There is an extensive variety of food, beverages, and snacks available at varying price points, catering to different market segments. To ensure long-term success and growth, every business in this field must be capable of competing and winning over customers to maintain its operations and thrive.

To address such challenges, businesses must develop strategies that effectively influence customer purchasing decisions. There are various strategies available for companies to advance and grow, such as enhancing their internal operations and expanding their marketing efforts. Additionally, one of the key factors for business growth is offering products that capture the interest of a wide range of customers. Companies must also be adept at identifying and seizing opportunities and gaps in the market, as new competitors are continuously emerging.

The role of business owners is not only to focus on the products offered, but also to focus on the customers themselves. In this increasingly fierce business

competition, companies should have strategies that will be used to increase customer purchase decision. Purchasing decisions are a problem-solving process wherein individuals select the best course of action from multiple behavioral alternatives, deemed most suitable for making a purchase, following a thorough decision-making process (Firmansyah, 2023). Customers evaluate various factors to determine their product choices, which they will use in making purchase decisions. Consequently, companies must consider the various factors influencing customer purchasing decisions for their products.

PT Panca Niaga Jaya Lestari operates in the fast-moving consumer goods sector, distributing various products from prominent brands such as Naraya, Kurnia, Hatari, Fox, and Indodes, among others, which are distributed to customers including retail stores owners. Initial observations conducted by the researcher have indicated a significant decrease in customer purchasing behavior, which has negatively impacted the company's overall sales performance. This situation highlights the need for an in-depth investigation to uncover the root causes behind the declining sales and to develop effective strategies aimed at revitalizing and improving the company's sales outcomes.
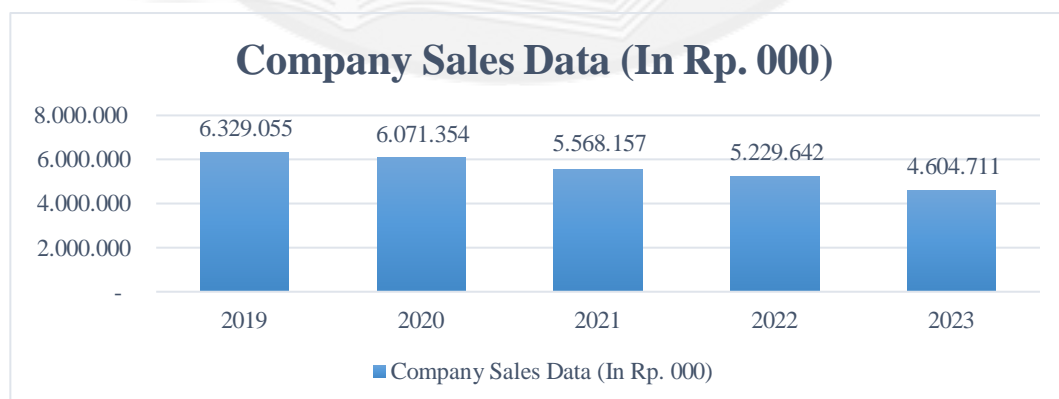

Figure 1.1. Sales Data for the Period 2019 – 2023
Sources: PT Panca Niaga Jaya Lestari, 2024

Referring to the table above, it is evident that in 2019, the total sales data as much as Rp. 6.329.055.000 and in 2020, the total sales data as much as Rp. 6.071.354.000. In 2021, the total sales data as much as Rp. 5.568.157.000 while in 2022 the total sales data as much as Rp. 5.229.642.000 and in 2023 the total sales data as much as Rp. 4.604.711.000. The decline in customer purchases is known because not all customers know or recognize of the brand of the company's products and not all customers recall the brand of the company's products well and are more familiar with the brands of other companies' products.

The decline of customer purchase decision also known from various factor such as sales promotion, advertising and company. In terms of sales promotions, companies still very rarely give discounts to customers who have long subscribed to purchase the products the company offers. The following is the promotion data in company about discount:

Table 1.1. Company Discount Program

Purchase Amount	Total Discount	Total Customer
Rp. 10.000.000 – Rp. 20.000.000	2%	22
Rp. 21.000.000 – RP. 30.00.000	3%	17
Rp. 31.000.000 – Rp. 40.000.000	4%	13
Rp. 41.000.000 – Rp. 50.000.000	5%	11
Above Rp. 50.000.000	8%	6

Sources: PT Panca Niaga Jaya Lestari, 2024

The table reveals that customers must meet certain conditions to qualify for a discount. A purchase of Rp. 10,000,000 to Rp. 20,000,000 earns a 2% discount, which only applies to 22 customers. Meanwhile, the majority of customers receive discounts ranging from 3% to 8%, suggesting that most customers exceed the minimum purchase requirement for higher discounts. Apart from that, companies also rarely provide product samples to customers, so

customers become hesitant when they want to order products. In terms of advertising, companies that do carry out advertising activities will still only use banners which are very limited in attracting customers' attention, whereas many other companies have started using social media or services rather than Instagram to introduce the products the company offers. The following is the advertisement program in company:
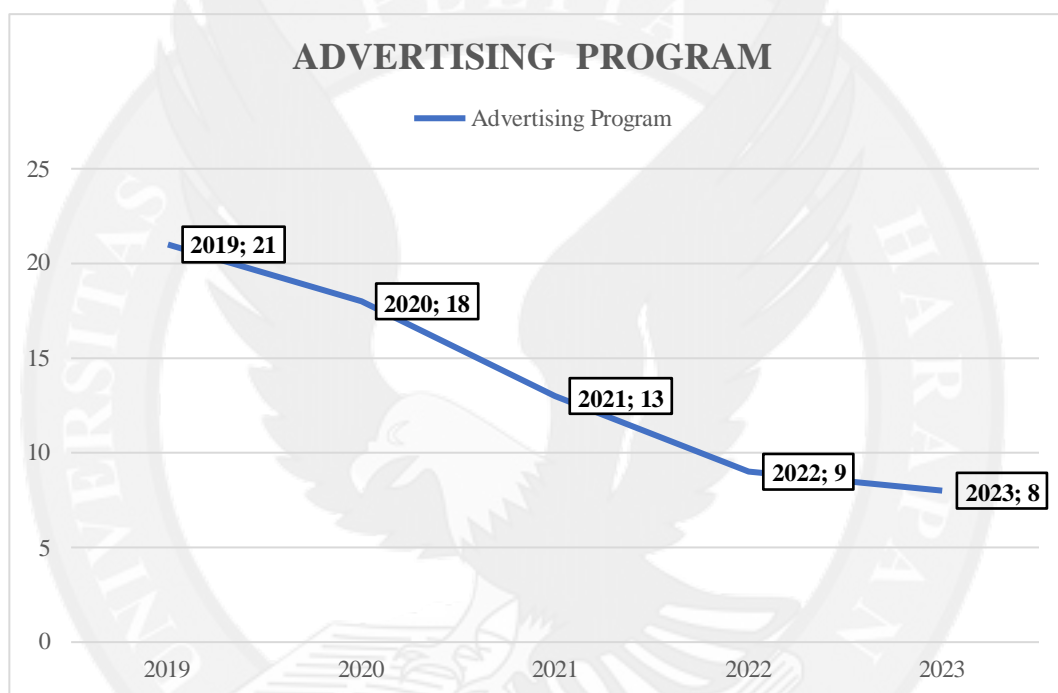

Figure 1.2. Company Advertising Program
Sources: PT Panca Niaga Jaya Lestari, 2024

Referring to the figure above it can be known that the company seldom advertise its product to customer. In 2019, the advertising program as much as 21 program and in 2020, the advertising program as much as 18 program. In 2021, the advertising program as much as 13 program, while in 2022, the advertising program as much as 9 program, and in 2023, the advertising program as much as 8 program. In terms of company image, the company's image is considered to be

still not good in the minds of customers, causing customers to have to think again

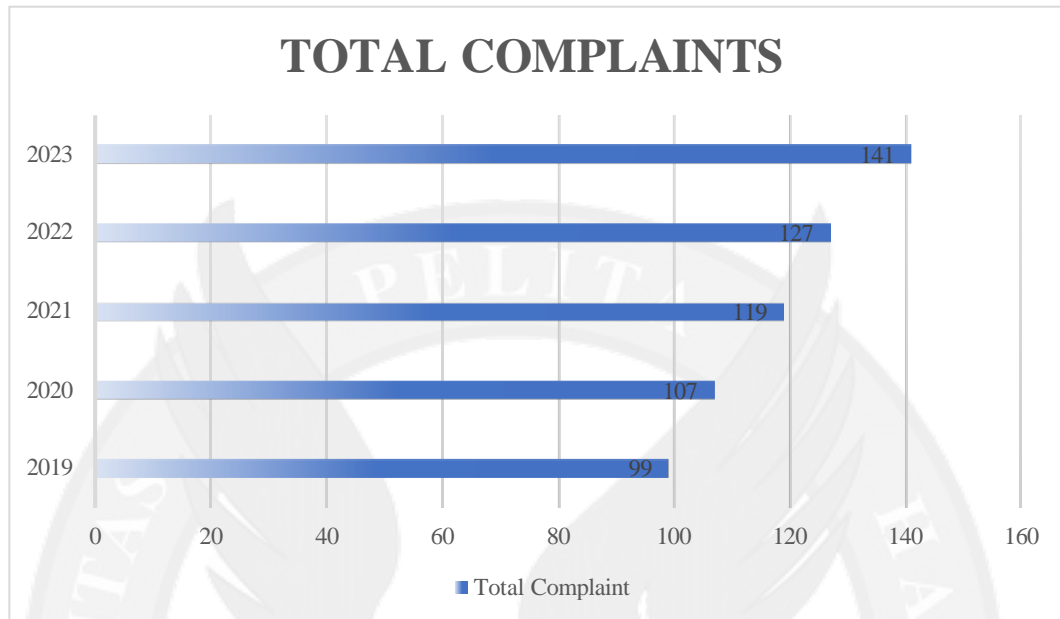before making a purchase. The following is the company image data:

Figure 1.3. Customer Complaint
Sources: PT Panca Niaga Jaya Lestari, 2024

Referring to the figure above, it can be seen that in 2019, there are as much

as 99 complaint from customer and in 2020, there are as much as 107 complaint

from customer. In 2021, there are as much as 119 complaint from customer, while

in 2022 there are as much as 127 complaint from customer and in 2023 there are

as much as 141 complaint from customer. The increasing complaint usually

consist of slow service given by employees in serving consumers, or the products

sent often have damaged packaging, and the slow delivery of product distribution

to customers who need it. making customers often feel disappointed with the

company which makes it difficult for customers to resell their products when they

are needed by end consumers. Apart from that, some customers also don't

recommend and provide explanations regarding the company's shortcomings, such

as slow company service processes, employees who are difficult to contact and

limited products so they have to wait for supplies to be filled in order to get the product.

Therefore, the research title will be: **"The Effect of Sales Promotion, Advertising and Company Image toward Purchase Decision at PT Panca Niaga Jaya Lestari."**

1.2   Problem Limitation

The aim of problem-solving is to establish boundaries to concentrate on the primary issue at hand. Consequently, the discussion remained concise and efficient. To narrow down the problem, the author will focus on three key variables: sales promotion, advertising and company image as independent variable whike purchase decision as dependent variable to limit the problem. This thesis aims to study the extent to which sales promotion, advertising and company image can effect purchase decision. This study will focus on PT Panca Niaga Jaya Lestari.

1.3   Problem Formulation

The problem formulation are:

a.   Does sales promotion have a significant partial effect toward purchase decision at PT Panca Niaga Jaya Lestari?

b.   Does advertising have a significant partial effect toward purchase decision at PT Panca Niaga Jaya Lestari?

c.   Does company image have a significant partial effect toward purchase decision at PT Panca Niaga Jaya Lestari?

d.   Do Sales promotion, advertising, and company image have significant simultaneous effect toward purchase decision at PT Panca Niaga Jaya Lestari?

1.4   Objective of the Research

The objective of the research as follow:

a.   To analyze whether the sales promotion has effect toward purchase decision at PT Panca Niaga Jaya Lestari.

b.   To analyze whether the advertising has effect toward purchase decision at PT Panca Niaga Jaya Lestari.

c.   To analyze whether the company image has effect toward purchase decision at PT Panca Niaga Jaya Lestari.

d.   To analyze whether the Sales promotion, advertising, and company image has effect toward purchase decision at PT Panca Niaga Jaya Lestari.

1.5   Benefit of the Research

The benefit of the researches as follow:

a.   Theoretical Benefit

The findings from this study demonstrate that sales promotion, advertising, and company image impact purchasing decisions at PT Panca Niaga Jaya Lestari. These results offer valuable insights and practical experience, which will be beneficial for the writer in the future. Additionally, this study can serve as a reference for those interested in exploring the same issue in the future.

b. Practical Benefit

1) For PT Panca Niaga Jaya Lestari

The researcher anticipates that the results of this study will help the business evaluate and understand the impact of sales promotion, advertising, and company image on purchase decisions, and use the findings as suggestions for improvement.

2) For the Writer

This study provides the writer with new experiences and deeper knowledge about the significance of sales promotion, advertising, and company image on purchase decisions.

3) For Future Research

The researcher hopes that the findings of this study will serve as a useful comparison for future researchers interested in exploring the effect of sales promotion, advertising, and company image on purchase decisions.